

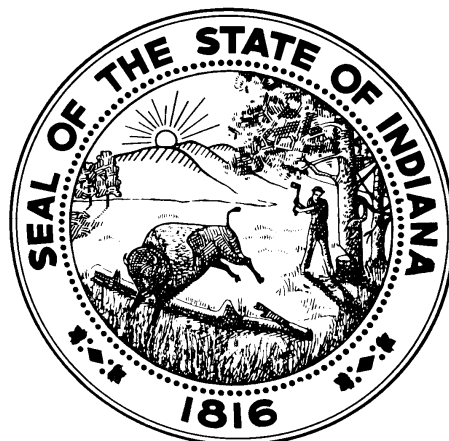
STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

ANNUAL FINANCIAL REPORT

2007

CITY OF HUNTINGBURG

DUBOIS COUNTY, INDIANA



FILED
10/09/2008

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Thomas A. Dippel	01-01-04 to 12-31-11
Mayor	Gail Kemp Marvin R. Belcher	01-01-04 to 12-31-07 01-01-08 to 12-31-11
President of the Board of Public Works and Safety	Gail Kemp Marvin R. Belcher	01-01-04 to 12-31-07 01-01-08 to 12-31-11
President of the Common Council	Ken Sparrow	01-01-07 to 12-31-08
Water, Gas, and Electric Utilities' Operations Superintendent	Ron McDonald	01-01-07 to 12-31-08
Superintendent of Wastewater Utility	Ron Hall	01-01-07 to 12-31-08



STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE CITY OF HUNTINGBURG, DUBOIS COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Huntingburg (City), as of and for the year ended December 31, 2007, which collectively comprise the City's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note I, the City prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2007, and the respective cash receipts and cash disbursements during the year then ended on the basis of accounting described in Note I.

The Schedules of Funding Progress, Schedule of Contributions From the Employer and Other Contributing Entities, as listed in the Table of Contents, are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

INDEPENDENT AUDITOR'S REPORT
(Continued)

The City has not presented Management's Discussion and Analysis or Budgetary Comparison Schedules that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Combining Schedules, as listed in the Table of Contents, Schedule of Capital Assets, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the basic financial statements. The Combining Schedules, as listed in the Table of Contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Schedule of Capital Assets and Schedule of Long-Term Debt have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

September 4, 2008

CITY OF HUNTINGBURG
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For The Year Ended December 31, 2007

Functions/Programs	Program Receipts				Net (Disbursement) Receipt and Changes in Net Assets		
	Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Totals
Primary government:							
Governmental activities:							
General government	\$ 1,105,083	\$ 709,220	\$ 731,502	\$ -	\$ 335,639	\$ -	\$ 335,639
Public safety	1,100,405	30,480	-	4,061	(1,065,864)	-	(1,065,864)
Highways and streets	2,205,926	22,652	376,738	349,532	(1,457,004)	-	(1,457,004)
Sanitation	-	175	-	-	175	-	175
Economic development	290,262	387	14,792	357,596	82,513	-	82,513
Culture and recreation	461,818	59,132	63,028	5,000	(334,658)	-	(334,658)
Principal on long-term debt	17,000	-	-	-	(17,000)	-	(17,000)
Interest on long-term debt	7,850	-	3,780	-	(4,070)	-	(4,070)
Total governmental activities	5,188,344	822,046	1,189,840	716,189	(2,460,269)	-	(2,460,269)
Business-type activities:							
Water	2,231,510	2,321,073	-	-	-	89,563	89,563
Wastewater	1,365,101	1,366,332	-	-	-	1,231	1,231
Electric	6,362,335	7,159,964	-	-	-	797,629	797,629
Gas	5,098,788	4,918,234	-	-	-	(180,554)	(180,554)
Total business-type activities	15,057,734	15,765,603	-	-	-	707,869	707,869
Total primary government	\$ 20,246,078	\$ 16,587,649	\$ 1,189,840	\$ 716,189	(2,460,269)	707,869	(1,752,400)
General receipts:							
Property taxes					2,197,149	-	2,197,149
Other local sources					204,762	780,361	985,123
Unrestricted investment earnings					238,736	324,523	563,259
Transfers					577,506	(577,506)	-
Total general receipts and transfers					3,218,153	527,378	3,745,531
Change in net assets					757,884	1,235,247	1,993,131
Net assets - beginning					5,297,461	5,558,389	10,855,850
Net assets - ending					\$ 6,055,345	\$ 6,793,636	\$ 12,848,981
<u>Assets</u>							
Cash and investments					\$ 1,151,226	\$ 5,319,667	\$ 6,470,893
Restricted assets:							
Cash and investments					4,904,119	1,473,969	6,378,088
Total assets					\$ 6,055,345	\$ 6,793,636	\$ 12,848,981
<u>Net Assets</u>							
Restricted for:							
Public safety					\$ 121,888	\$ -	\$ 121,888
Highways and streets					401,234	-	401,234
Sanitation					5,402	-	5,402
Economic development					2,953,427	-	2,953,427
Culture and recreation					268,818	-	268,818
Urban redevelopment and housing					15,277	-	15,277
Debt service					12,772	1,229,174	1,241,946
Other purposes					1,125,301	244,795	1,370,096
Unrestricted					1,151,226	5,319,667	6,470,893
Total net assets					\$ 6,055,345	\$ 6,793,636	\$ 12,848,981

The notes to the financial statements are an integral part of this statement.

CITY OF HUNTINGBURG
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For The Year Ended December 31, 2007

	General	Redevelopment Commission	Other Governmental Funds	Totals
Receipts:				
Taxes	\$ 417,261	\$ 761,840	\$ 1,018,048	\$ 2,197,149
Licenses and permits	1,432	-	1,100	2,532
Intergovernmental	611,523	960	1,243,759	1,856,242
Charges for services	104,111	-	88,436	192,547
Fines and forfeits	5,605	-	-	5,605
Other	113,072	97,532	282,681	493,285
Total receipts	1,253,004	860,332	2,634,024	4,747,360
Disbursements:				
General government	358,109	-	248,458	606,567
Public safety	1,078,582	-	21,823	1,100,405
Highways and streets	57,564	-	2,228,362	2,285,926
Economic development	-	68,082	222,180	290,262
Culture and recreation	11,681	-	466,637	478,318
Debt service:				
Principal	-	-	17,000	17,000
Interest	-	-	7,850	7,850
Total disbursements	1,505,936	68,082	3,212,310	4,786,328
Excess (deficiency) of receipts over disbursements	(252,932)	792,250	(578,286)	(38,968)
Other financing sources (uses):				
Transfers in	577,506	-	1,197,871	1,775,377
Transfers out	-	(290,139)	(907,732)	(1,197,871)
Total other financing sources (uses)	577,506	(290,139)	290,139	577,506
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	324,574	502,111	(288,147)	538,538
Cash and investment fund balance - beginning	825,606	1,983,421	2,002,198	4,811,225
Cash and investment fund balance - ending	\$ 1,150,180	\$ 2,485,532	\$ 1,714,051	5,349,763
Amounts reported for governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis are different because: Internal services funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis.				705,582
Net assets of governmental activities				\$ 6,055,345
<u>Cash and Investment Assets - December 31</u>				
Cash and investments	\$ 1,150,180	\$ -	\$ -	\$ 1,150,180
Restricted assets:				
Cash and investments	-	2,485,532	1,714,051	4,199,583
Total cash and investment assets - December 31	\$ 1,150,180	\$ 2,485,532	\$ 1,714,051	\$ 5,349,763
<u>Cash and Investment Fund Balance - December 31</u>				
Restricted for:				
Public safety	\$ -	\$ -	\$ 121,888	\$ 121,888
Highways and streets	-	-	401,234	401,234
Sanitation	-	-	5,402	5,402
Economic development	-	2,485,532	467,895	2,953,427
Culture and recreation	-	-	268,818	268,818
Urban redevelopment and housing	-	-	15,277	15,277
Debt service	-	-	12,772	12,772
Other purposes	-	-	420,765	420,765
Unrestricted	1,150,180	-	-	1,150,180
Total cash and investment fund balance - December 31	\$ 1,150,180	\$ 2,485,532	\$ 1,714,051	\$ 5,349,763

The notes to the financial statements are an integral part of this statement.

CITY OF HUNTINGBURG
STATEMENT OF ASSETS AND FUND BALANCES AND
RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
PROPRIETARY FUNDS
As of and for the Year Ended December 31, 2007

	Water Utility	Wastewater Utility	Electric Utility	Gas Utility	Totals	Internal Service Funds
Operating receipts:						
Utility collections	\$ 2,321,073	\$ 1,366,332	\$ 7,159,964	\$ 4,918,234	\$ 15,765,603	\$ -
Insurance proceeds	-	-	-	-	-	757,574
Other	4,740	17,859	418,316	269,741	710,656	155,028
Total operating receipts	2,325,813	1,384,191	7,578,280	5,187,975	16,476,259	912,602
Operating disbursements:						
Cost of sales and services	824,839	334,083	5,216,396	4,212,571	10,587,889	155,608
Equipment and capital improvements	88,560	60,632	170,086	56,912	376,190	-
Insurance disbursements	-	-	-	-	-	537,648
Miscellaneous disbursements	610,983	625,412	975,853	725,955	2,938,203	-
Total operating disbursements	1,524,382	1,020,127	6,362,335	4,995,438	13,902,282	693,256
Excess of operating receipts over operating disbursements	801,431	364,064	1,215,945	192,537	2,573,977	219,346
Nonoperating receipts (disbursements):						
Interest and investment receipts	56,362	30,822	164,559	72,780	324,523	-
Miscellaneous receipts	25,542	1,036	36,218	6,909	69,705	-
Debt service of principal	(479,000)	(183,643)	-	(100,000)	(762,643)	-
Interest and investment disbursement	(227,380)	(161,314)	-	(3,350)	(392,044)	-
Miscellaneous disbursements	(748)	(17)	-	-	(765)	-
Total nonoperating receipts (disbursements)	(625,224)	(313,116)	200,777	(23,661)	(761,224)	-
Excess of receipts over disbursements and nonoperating receipts (disbursements)	176,207	50,948	1,416,722	168,876	1,812,753	219,346
Transfers out	(70,494)	(63,520)	(258,252)	(185,240)	(577,506)	-
Excess (deficiency) of receipts over disbursements and transfers out	105,713	(12,572)	1,158,470	(16,364)	1,235,247	219,346
Cash and investment fund balance - beginning	836,092	667,722	2,701,752	1,352,823	5,558,389	486,236
Cash and investment fund balance - ending	<u>\$ 941,805</u>	<u>\$ 655,150</u>	<u>\$ 3,860,222</u>	<u>\$ 1,336,459</u>	<u>\$ 6,793,636</u>	<u>\$ 705,582</u>
<u>Cash and Investment Assets - December 31</u>						
Cash and investments	\$ 173,733	\$ 116,873	\$ 3,764,647	\$ 1,264,414	\$ 5,319,667	\$ 1,046
Restricted assets:						
Cash and investments	768,072	538,277	95,575	72,045	1,473,969	704,536
Total cash and investment assets - December 31	<u>\$ 941,805</u>	<u>\$ 655,150</u>	<u>\$ 3,860,222</u>	<u>\$ 1,336,459</u>	<u>\$ 6,793,636</u>	<u>\$ 705,582</u>
<u>Cash and Investment Fund Balance - December 31</u>						
Restricted for:						
Debt service	\$ 737,017	\$ 492,157	\$ -	\$ -	\$ 1,229,174	\$ -
Other purposes	31,055	46,120	95,575	72,045	244,795	704,536
Unrestricted	173,733	116,873	3,764,647	1,264,414	5,319,667	1,046
Total cash and investment fund balance - December 31	<u>\$ 941,805</u>	<u>\$ 655,150</u>	<u>\$ 3,860,222</u>	<u>\$ 1,336,459</u>	<u>\$ 6,793,636</u>	<u>\$ 705,582</u>

The notes to the financial statements are an integral part of this statement.

CITY OF HUNTINGBURG
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For The Year Ended December 31, 2007

	Pension Trust Funds	Private-Purpose Trust Funds	Agency Funds
Additions:			
Contributions:			
Employer	\$ 77,325	\$ -	\$ -
Other	-	11,073	-
Total contributions	77,325	11,073	-
Agency fund additions	-	-	19,500,638
Total additions	77,325	11,073	19,500,638
Deductions:			
Benefits	70,538	-	-
Administrative and general	798	-	-
Agency fund deductions	-	-	19,480,309
Total deductions	71,336	-	19,480,309
Excess of total additions over total deductions	5,989	11,073	20,329
Cash and investment fund balance - beginning	81,693	5,193	145,786
Cash and investment fund balance - ending	\$ 87,682	\$ 16,266	\$ 166,115

The notes to the financial statements are an integral part of this statement.

CITY OF HUNTINGBURG
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

The City was established under the laws of the State of Indiana. The City operates under a Council-Mayor form of government and provides the following services: public safety (police and fire), highways and streets, culture and recreation, public improvements, planning and zoning, general administrative services, electric, gas, water, wastewater, and urban redevelopment and housing.

The City's financial reporting entity is composed of the following:

Primary Government: City

In determining the financial reporting entity, the City complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis displays information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. The statement distinguishes between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

The general fund is the primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The redevelopment commission fund is used to account for disbursements for undertaking and carrying out redevelopment projects from property taxes receipts.

The City reports the following major proprietary funds:

The water utility fund accounts for the operation of the water distribution system.

The wastewater utility fund accounts for the operation of the wastewater treatment plant, pumping stations, and collection systems.

CITY OF HUNTINGBURG
NOTES TO FINANCIAL STATEMENTS
(Continued)

The electric utility fund accounts for the operation of the electric distribution system.

The gas utility fund accounts for the operation of the gas distribution system.

Additionally, the City reports the following fund types:

The internal service funds account for shared expenses and risk financing for risks associated with health claims which are provided to other departments on a cost-reimbursement basis.

The pension trust fund accounts for the activities of the 1925 police pension fund, which accumulates resources for pension benefit payments.

The private-purpose trust funds report trust arrangements under which principal and income benefit the citizens of the City through the park and police departments.

Agency funds account for assets held by the City as an agent for employee wages and withholdings, utility payments, and consumer meter deposits and serve as control of accounts for certain cash transactions during the time they are a liability to the City.

C. Measurement Focus and Basis of Accounting

The government-wide, governmental fund, proprietary fund, and fiduciary fund financial statements are reported using the basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The cash and investment basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash rather than when earned and disbursements are recognized when paid rather than when a liability is incurred. Investment transactions are not presented on the financial statements.

If the City utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the enterprise fund statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City's water, wastewater, electric, and gas functions and various other functions of the City. Elimination of these charges would distort the direct costs and program receipts reported for the various functions concerned.

CITY OF HUNTINGBURG
NOTES TO FINANCIAL STATEMENTS
(Continued)

Enterprise funds distinguish operating receipts and disbursements from nonoperating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating receipts of the enterprise funds are charges to customers for sales and services. Operating disbursements for enterprise funds include the cost of sales and services and administrative costs. All receipts and disbursements not meeting this definition are reported as nonoperating receipts and disbursements. Internal service funds are used to account for activities provided to other departments or agencies primarily with the government.

D. Assets and Cash and Investment Balances

1. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as interest receipts in the year of the sale of the investment.

2. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the City in June and in December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the City on or prior to December 31 of the year collected.

3. Capital Assets

Capital assets arising from cash transactions acquired for use in governmental or proprietary fund operations are accounted for as capital outlay disbursements of the fund upon acquisition.

4. Long-Term Debt

Long-term debt arising from cash basis transactions of governmental and proprietary funds is not reported as liabilities in the basic financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as disbursements.

5. Equity Classification

Government-Wide Statements

Equity is classified as net assets and displayed in two components:

- a. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.

CITY OF HUNTINGBURG
NOTES TO FINANCIAL STATEMENTS
(Continued)

- b. Unrestricted net assets – All other net assets that do not meet the definition of "restricted."

It is the City's policy to first use restricted net assets prior to the use of unrestricted net assets when a disbursement is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Financial Statements

Governmental fund equity is classified as fund balance. Proprietary fund equity is classified the same as in the government-wide statements.

E. Receipts and Disbursements

1. Program Receipts

Amounts reported as program receipts include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general receipts rather than as program receipts. Likewise, general receipts include all taxes.

2. Operating Receipts and Disbursements

Operating receipts and disbursements for proprietary funds result from providing services and producing and delivering goods and/or services. They also include all receipts and disbursements not related to capital and related financing, noncapital financing, or investing activities.

F. Internal and Interfund Balances and Activities

In the process of aggregating the financial information for the government-wide Statement of Activities and Net Assets – Cash and Investment Basis, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements

1. Interfund services – Sales or purchases of goods and services between funds are reported as receipts and disbursements.
2. Interfund reimbursements – Repayments from funds responsible for certain disbursements to the funds that initially paid for them are not reported as reimbursements but as adjustments to disbursements in the respective funds.
3. Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.

Government-Wide Financial Statements

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

CITY OF HUNTINGBURG
NOTES TO FINANCIAL STATEMENTS
(Continued)

1. Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers – Internal Activities. The effects of interfund services between funds, if any, are not eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis.
2. Primary government and balances – Resource flows between the primary government are reported as if they were external transactions and are classified separately from internal balances and activities within the primary government.

II. Stewardship, Compliance and Accountability

A. Budgetary Information

Annual budgets are adopted on the cash basis, which is not consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at calendar year end.

Prior to the first required publication, the fiscal officer of the City submits to the governing board a proposed operating budget for the year commencing the following January 1. Prior to adoption, the budget is advertised and public hearings are conducted by the governing board to obtain taxpayer comments. In September of each year, the governing board, through the passage of a resolution/ordinance, approves the budget for the next year. Copies of the budget resolution/ordinance and the advertisement for funds for which property taxes are levied or highway use taxes are received are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the fiscal officer of the City receives approval of the Indiana Department of Local Government Finance.

The City's management cannot transfer budgeted appropriations between object classifications of a budget without approval of the governing board. The Indiana Department of Local Government Finance must approve any revisions to the appropriations for any fund or any department of the General Fund. The legal level of budgetary control is by object and department within the fund for the General Fund and by object within the fund for all other budgeted funds.

B. Disbursements in Excess of Appropriations

For the year ended December 31, 2007, disbursements exceeded budgeted appropriations in the following fund by the amount below:

<u>Fund</u>	<u>2007</u>
Transportation	\$ <u>299</u>

These disbursements were funded by available fund balance.

CITY OF HUNTINGBURG
NOTES TO FINANCIAL STATEMENTS
(Continued)

III. Detailed Notes on All Funds

A. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

B. Interfund Transfers

Interfund transfers for the year ended December 31, 2007, were as follows:

Transfer From	Transfer To	2007
Redevelopment Commission	Other governmental funds	\$ 290,139
Water Utility	General Fund	70,494
Wastewater Utility	General Fund	63,520
Electric Utility	General Fund	258,252
Gas Utility	General Fund	185,240
Other governmental funds	Other governmental funds	907,732
Total		<u>\$ 1,775,377</u>

The City typically uses transfers for cash flow purposes as provided by various statutory provisions.

IV. Other Information

A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents (excluding postemployment benefits); and natural disasters.

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

Medical Benefits to Employees, Retirees, and Dependents

The City has chosen to establish a risk financing fund for risks associated with medical benefits to employees, retirees, and dependents. The risk financing fund is accounted for in the Self-Insurance Fund, an internal service fund, where assets are set aside for claim settlements. An excess policy through commercial insurance covers individual claims in excess of \$45,000 per

CITY OF HUNTINGBURG
NOTES TO FINANCIAL STATEMENTS
(Continued)

year. Settled claims resulting from this risk did not exceed commercial insurance coverage in the past three years. Interfund premiums are paid into the fund by all affected funds and are available to pay claims, claim reserves, and administrative costs of the program. Interfund premiums are based upon an overall premium percentage which is applied to each affected fund and are reported as quasi-external interfund transactions.

Job Related Illnesses and Injuries to Employees

During 1991, the City joined with other governmental entities in the Indiana Public Employer's Plan, a public entity risk pool currently operating as a common risk management and insurance program for the member governmental entities. This risk pool was formed in 1990. The purpose of the risk pool is to provide a medium for the funding and administration of job related illnesses and injuries to employees. The City pays an annual premium to the risk pool for its job related illnesses and injuries to employees coverage. The risk pool is considered a self-sustaining risk pool that will provide coverage for its members for up to \$1,000,000 per insured event.

B. Holding Corporation

The City has entered into a capital lease with Huntingburg Municipal Facilities (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the City. The lessor has been determined to be a related party of the City. Lease payments during the year totaled \$95,000.

C. Subsequent Events

State Pension Relief Fund

Beginning in 2009, the State Pension Relief Fund shall pay to each unit of local government with Pre-1977 Local Police and Fire Fighter Pension obligations, the total amount of pension, disability, and survivor benefit payments. The Pre-1977 funds include the 1925 Police Pension Fund, the 1937 Firefighters' Fund, and the 1953 Police Pension Fund. For property taxes due and payable after December 31, 2008, the Department of Local Government Finance shall reduce the maximum permissible property tax levy of any civil taxing unit and special service district by the amount of the payment to be made in 2009 by the State for the obligations.

Outdoor Recreation – Acquisition, Development, and Planning Grant

In August 2006, the City of Huntingburg Park and Recreation Board (Park Board) was awarded an outdoor recreation – acquisition, development, and planning grant (CFDA 15.916) from the U.S. Department of the Interior and passed-through the Indiana Department of Natural Resources to be used to develop a multi-purpose trail on a converted landfill site. In April 2007, the Park Board received an amendment to the grant increasing the grant amount to \$158,026. In April 2007, the Park Board entered into a contract with Indiana Regional Planning Commission for the administration of the grant at a cost of \$3,500. According to the grant agreement, the project must be completed by September 30, 2010.

D. Defeasance of Bonds

In prior years, the Water Utility defeased certain serial bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust accounts and the liability for the defeased bonds are not included in the Water Utility's financial statements. At December 31, 2007, \$640,000 of the bonds outstanding are considered defeased.

CITY OF HUNTINGBURG
NOTES TO FINANCIAL STATEMENTS
(Continued)

E. Huntingburg Economic Development

Northwest Industrial Economic Development Area

The Huntingburg Redevelopment Commission (Commission) established the Northwest Industrial Economic Development Area as an economic development area and an allocation area for purposes of capturing incremental ad valorem property taxes. On September 8, 1992, the Commission issued \$610,000 of Redevelopment District Tax Increment Revenue Bonds to finance improvements to road, Water, Wastewater, Gas, and Electric Utilities in or serving the Northwest Industrial Economic Development Area. The bonds constitute an indebtedness of the Commission only. Funds for payment of principal and interest will be generated from tax increment collected from the economic development area.

The Redevelopment Tax Increment Revenue Bonds of 1992 are due in installments of \$5,000 to \$65,000, plus interest through 2008 at interest rates of 6.75% to 7.00% payable by the Commission.

400W Economic Development Area

The Huntingburg Redevelopment Commission (Commission) established the 400W Economic Development Area as an economic development area and an allocation area for the purposes of capturing property taxes generated from the incremental real and depreciable personal property located in the allocation area. On September 29, 2006, the Commission issued \$1,350,000 of "Taxable Economic Development Revenue Bonds, Series 2006 (Farbest Foods Project)" to finance improvements to road, water, sewer, and rail infrastructure in, serving, or benefiting the 400W Economic Development Area. The bonds were purchased by Farbest Foods, Inc., through a purchase bond purchase agreement and constitute an indebtedness of Farbest Foods, Inc. Funds for payment of principal and interest will be generated from tax increment collected from the economic development area with the remaining payments funded by Farbest Foods, Inc.

The "Taxable Economic Development Area Revenue Bonds, Series 2006 (Farbest Foods Project)" are due in installments of \$15,000 to \$40,000, plus interest through 2034 at an interest rate of 6% payable by Farbest Foods, Inc.

F. Lincoln Village Housing Bonds

On May 4, 2000, the Common Council, in agreement with the Huntingburg Economic Development Commission adopted Resolution 2000-15, approving the issuance of: "Adjustable Rate Multifamily Housing Revenue Bonds, Series 2000." The bonds were sold on October 18, 2000. The proceeds of the bonds were to be used by Lincoln Village L.P. to finance a portion of the costs of the acquisition, rehabilitation, construction, and equipping of a low to moderate income apartment complex.

The proceeds of the bonds were placed with Fifth Third Bank, Indiana (trustee). The trustee, in turn, loaned the money to Lincoln Village L.P. All loan repayments are to be made by Lincoln Village. The bonds shall never constitute a general obligation of, an indebtedness of, or a charge against the general credit of the city, nor are they payable in any matter from revenues raised by taxation.

CITY OF HUNTINGBURG
NOTES TO FINANCIAL STATEMENTS
(Continued)

G. Loans Receivable – Indiana Department of Commerce

<u>Borrower</u>	<u>Date of Loan</u>	<u>Original Amount</u>	<u>Interest Rate</u>	<u>Annual Payment</u>	<u>Outstanding Balance</u>	<u>Purpose of Loan</u>
Brown Antiques	02-04-05	\$ 10,000	4%	\$ 2,458.05	\$ 3,502.16	Operating capital
Dubois County Bombers	01-17-06	15,000	3%	6,540.92	2,915.56	Operating capital
Hometown Music	02-01-06	25,000	4%	4,833.31	16,247.88	Operating capital

H. Rate Structure – Enterprise Funds

Water Utility

On March 18, 1986, the City Council adopted Ordinance No. 86-8 to withdraw from the jurisdiction of the Indiana Utility Regulatory Commission. The current rate structure was approved by the Council on August 24, 2000.

Wastewater Utility

The current rate structure was approved by the City Council on May 20, 2004.

Electric Utility

On March 18, 1986, the City Council adopted Ordinance No. 86-8 to withdraw from the jurisdiction of the Indiana Utility Regulatory Commission. The current rate structure was approved by the Council on December 12, 2006.

Gas Utility

On March 18, 1986, the City Council adopted Ordinance No. 86-8 to withdraw from the jurisdiction of the Indiana Utility Regulatory Commission. The current rate structure was approved by the Council on October 25, 2001 and amended on November 29, 2001, and on September 25, 2005.

I. Pension Plans

1. Agent Multiple-Employer and Single-Employer Defined Benefit Pension Plans

a. Public Employees' Retirement Fund

Plan Description

The City contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in the defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system and give the City authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of member's contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

CITY OF HUNTINGBURG
NOTES TO FINANCIAL STATEMENTS
(Continued)

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. The report may be obtained by contacting:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The City's annual pension cost and related information, as provided by the actuary, is presented in this note.

Information to segregate the assets/liabilities and the actuarial study figures between the City and the Utilities is not available.

b. 1925 Police Officers' Pension Plan

Plan Description

The City contributes to the 1925 Police Officers' Pension Plan, which is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-6). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for the 1925 Police Officers' Pension Plan are established by state statute. The City's annual pension cost and related information as provided by the actuary is presented in this note.

The use of the pay-as-you-go actuarial cost method by the City results in significant underfunding of the plan. Therefore, the Net Pension Obligation (NPO) is not reflected in the financial statements of the pension trust funds.

CITY OF HUNTINGBURG
NOTES TO FINANCIAL STATEMENTS
(Continued)

Actuarial Information for the Above Plan

	PERF	1925 Police Officers' Pension
Annual required contribution	\$ 135,140	\$ 76,400
Interest on net pension obligation	202	24,600
Adjustment to annual required contribution	<u>(230)</u>	<u>(30,600)</u>
Annual pension cost	135,112	70,400
Contributions made	<u>122,446</u>	<u>77,325</u>
Increase (decrease) in net pension obligation	12,666	(6,925)
Net pension obligation, beginning of year	<u>2,789</u>	<u>410,250</u>
Net pension obligation, end of year	<u>\$ 15,455</u>	<u>\$ 403,325</u>

	PERF	1925 Police Officers' Pension
Contribution rates:		
City	8%	0%
Plan members	3%	6%
Actuarial valuation date	07-01-07	01-01-07
Actuarial cost method	Entry age	Entry age
Amortization method	Level percentage of projected payroll, closed	Level percentage of projected payroll, closed
Amortization period	30 years	30 years
Amortization period (from date)	07-01-97	01-01-05
Asset valuation method	75% of expected actuarial value plus 25% of market value	4 year phase in of unrealized and realized capital

Actuarial Assumptions

Investment rate of return	7.25%	6%
Projected future salary increases:		
Total	5%	4%
Attributed to inflation	4%	4%
Attributed to merit/seniority	1%	0%
Cost-of-living adjustments	2%	2.75/4%*

*2.75% converted members; 4% nonconverted members

CITY OF HUNTINGBURG
NOTES TO FINANCIAL STATEMENTS
(Continued)

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-05	\$ 123,543	98%	\$ (59,739)
	06-30-06	173,008	64%	2,789
	06-30-07	135,112	91%	15,455
1925 Police Officers' Pension Plan	12-31-05	35,700	291%	420,400
	12-31-06	69,100	115%	410,250
	12-31-07	70,400	110%	403,325

Membership in the 1925 Police Officers' Pension Plan at January 1, 2007, was comprised of the following:

	1925 Police Officers' Pension
Retirees and beneficiaries currently receiving benefits	3

2. Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

1977 Police Officers' Pension and Disability Fund

Plan Description

The City contributes to the 1977 Police Officers' Pension and Disability Fund, a cost-sharing multiple-employer defined benefit pension plan administered by the Indiana Public Employees' Retirement Plan (PERF) for all police officers hired after April 30, 1977.

State statute (IC 36-8-8) regulates the operations of the system, including benefits, vesting and requirements for contributions by employers and by employees. Covered employees may retire at age 55 with 20 years of service. An employee with 20 years of service may leave service, but will not receive benefits until reaching age 55. The plan also provides for death and disability benefits.

PERF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

CITY OF HUNTINGBURG
NOTES TO FINANCIAL STATEMENTS
(Continued)

Funding Policy and Annual Pension Costs

Plan members are required to contribute 6% of the first-class police officers' salary and the City is to contribute at an actuarially determined rate. The current rate, which has not changed since the inception of the plan, is 21% of the first-class police officers' salary. The contribution requirements of plan members and the City are established by the Board of Trustees of PERF. The City's contributions to the plan for the years ending December 31, 2007, 2006, and 2005, were \$83,999, \$78,816, and \$77,750, respectively, equal to the required contributions for each year.

CITY OF HUNTINGBURG
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-05	\$ 2,179,725	\$ 3,071,915	\$ (892,190)	71%	\$ 2,060,821	(43%)
07-01-06	2,628,661	2,987,873	(359,212)	88%	1,927,084	(19%)
07-01-07	2,718,897	3,022,206	(303,309)	90%	1,872,711	(16%)

1925 Police Officers' Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
01-01-02	\$ 45,556	\$ 966,300	\$ (920,744)	5%	\$ 34,500	(2,669%)
01-01-03	45,011	969,400	(924,389)	5%	35,200	(2,626%)
01-01-04	34,381	990,700	(956,319)	3%	35,900	(2,664%)
01-01-05	28,409	594,400	(565,991)	5%	-	N/A
01-01-06	68,566	1,047,200	(978,634)	7%	-	N/A
01-01-07	81,693	1,052,200	(970,507)	8%	-	N/A

N/A = Not applicable

CITY OF HUNTINGBURG
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS FROM THE
EMPLOYER AND OTHER CONTRIBUTING ENTITIES

1925 Police Officers' Pension Plan

Year Ending	Annual Required Contribution (ARC)	Percentage of ARC Contributed
12-31-02	\$ 108,900	31%
12-31-03	115,900	18%
12-31-04	121,200	24%
12-31-05	41,900	248%
12-31-06	74,800	106%
12-31-07	76,400	101%

CITY OF HUNTINGBURG
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2007

	Motor Vehicle Highway	Local Road and Street	Law Enforcement Continuing Education	Park and Recreation	Transportation	Cumulative Sewer
Receipts:						
Taxes	\$ 525,819	\$ -	\$ -	\$ 386,962	\$ 57,135	\$ -
Licenses and permits	1,100	-	-	-	-	-
Intergovernmental	342,867	33,871	-	63,028	56,815	-
Charges for services	1,221	-	3,950	59,132	3,415	387
Other	28,665	-	-	17,148	-	-
Total receipts	899,672	33,871	3,950	526,270	117,365	387
Disbursements:						
General government	-	-	-	-	101,958	-
Public safety	-	-	1,566	-	-	-
Highways and streets	835,863	30,000	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	466,637	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total disbursements	835,863	30,000	1,566	466,637	101,958	-
Excess (deficiency) of receipts over disbursements	63,809	3,871	2,384	59,633	15,407	387
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	63,809	3,871	2,384	59,633	15,407	387
Cash and investment fund balance - beginning	220,494	16,335	9,734	204,035	40,915	5,015
Cash and investment fund balance - ending	\$ 284,303	\$ 20,206	\$ 12,118	\$ 263,668	\$ 56,322	\$ 5,402
<u>Cash and Investment Assets - December 31</u>						
Restricted assets:						
Cash and investments	\$ 284,303	\$ 20,206	\$ 12,118	\$ 263,668	\$ 56,322	\$ 5,402
<u>Cash and Investment Fund Balance - December 31</u>						
Restricted for:						
Public safety	\$ -	\$ -	\$ 12,118	\$ -	\$ -	\$ -
Highways and streets	284,303	20,206	-	-	-	-
Sanitation	-	-	-	-	-	5,402
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	263,668	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Other purposes	-	-	-	-	56,322	-
Total cash and investment fund balance - December 31	\$ 284,303	\$ 20,206	\$ 12,118	\$ 263,668	\$ 56,322	\$ 5,402

CITY OF HUNTINGBURG
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2007
 (Continued)

	Economic Development	IHFA	Chestnut Street V	Fire Department Equipment	Farbest Project	14th Street Upgrade
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Other	-	-	-	-	27,725	-
Total receipts	-	-	-	-	27,725	-
Disbursements:						
General government	-	-	-	-	-	-
Public safety	-	-	-	5,000	-	-
Highways and streets	-	-	85,176	-	-	583,312
Economic development	-	-	-	-	17,217	-
Culture and recreation	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total disbursements	-	-	85,176	5,000	17,217	583,312
Excess (deficiency) of receipts over disbursements	-	-	(85,176)	(5,000)	10,508	(583,312)
Other financing sources (uses):						
Transfers in	-	-	85,176	-	-	582,317
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	85,176	-	-	582,317
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	(5,000)	10,508	(995)
Cash and investment fund balance - beginning	7,941	15,277	-	5,000	86,344	995
Cash and investment fund balance - ending	<u>\$ 7,941</u>	<u>\$ 15,277</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 96,852</u>	<u>\$ -</u>
<u>Cash and Investment Assets - December 31</u>						
Restricted assets:						
Cash and investments	<u>\$ 7,941</u>	<u>\$ 15,277</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 96,852</u>	<u>\$ -</u>
<u>Cash and Investment Fund Balance - December 31</u>						
Restricted for:						
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Economic development	7,941	-	-	-	96,852	-
Culture and recreation	-	-	-	-	-	-
Urban redevelopment and housing	-	15,277	-	-	-	-
Debt service	-	-	-	-	-	-
Other purposes	-	-	-	-	-	-
Total cash and investment fund balance - December 31	<u>\$ 7,941</u>	<u>\$ 15,277</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 96,852</u>	<u>\$ -</u>

CITY OF HUNTINGBURG
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2007
 (Continued)

	Criminal Justice	Police Special K-9	Police Special Equipment	Golf Grant	Rainy Day	EDIT - Street
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	153,415	-
Charges for services	-	-	-	-	-	-
Other	-	-	1,685	5,000	-	-
Total receipts	-	-	1,685	5,000	153,415	-
Disbursements:						
General government	-	-	-	-	-	-
Public safety	-	100	3,157	-	-	-
Highways and streets	-	-	-	-	38,726	325,415
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total disbursements	-	100	3,157	-	38,726	325,415
Excess (deficiency) of receipts over disbursements	-	(100)	(1,472)	5,000	114,689	(325,415)
Other financing sources (uses):						
Transfers in	-	-	-	-	-	325,415
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	325,415
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(100)	(1,472)	5,000	114,689	-
Cash and investment fund balance - beginning	216	100	1,472	150	158,372	-
Cash and investment fund balance - ending	<u>\$ 216</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,150</u>	<u>\$ 273,061</u>	<u>\$ -</u>
<u>Cash and Investment Assets - December 31</u>						
Restricted assets:						
Cash and investments	<u>\$ 216</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,150</u>	<u>\$ 273,061</u>	<u>\$ -</u>
<u>Cash and Investment Fund Balance - December 31</u>						
Restricted for:						
Public safety	\$ 216	\$ -	\$ -	\$ -	\$ -	\$ -
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	5,150	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Other purposes	-	-	-	-	273,061	-
Total cash and investment fund balance - December 31	<u>\$ 216</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,150</u>	<u>\$ 273,061</u>	<u>\$ -</u>

CITY OF HUNTINGBURG
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2007
 (Continued)

	Riverboat	City Revolving Loan	Industrial Park Projects	Farbest DCRR Upgrade	TIF NW Projects	EDIT - Curb and Gutter
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	35,300	-	-	173,364	-	-
Charges for services	-	-	-	-	-	20,331
Other	-	14,934	-	156,506	-	28
Total receipts	35,300	14,934	-	329,870	-	20,359
Disbursements:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	329,870	-	-
Economic development	-	-	110,113	-	94,850	-
Culture and recreation	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total disbursements	-	-	110,113	329,870	94,850	-
Excess (deficiency) of receipts over disbursements	35,300	14,934	(110,113)	-	(94,850)	20,359
Other financing sources (uses):						
Transfers in	-	-	110,113	-	94,850	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	110,113	-	94,850	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	35,300	14,934	-	-	-	20,359
Cash and investment fund balance - beginning	41,224	20,222	-	-	-	76,366
Cash and investment fund balance - ending	<u>\$ 76,524</u>	<u>\$ 35,156</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 96,725</u>
<u>Cash and Investment Assets - December 31</u>						
Restricted assets:						
Cash and investments	<u>\$ 76,524</u>	<u>\$ 35,156</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 96,725</u>
<u>Cash and Investment Fund Balance - December 31</u>						
Restricted for:						
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Highways and streets	-	-	-	-	-	96,725
Sanitation	-	-	-	-	-	-
Economic development	-	35,156	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Other purposes	76,524	-	-	-	-	-
Total cash and investment fund balance - December 31	<u>\$ 76,524</u>	<u>\$ 35,156</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 96,725</u>

CITY OF HUNTINGBURG
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2007
 (Continued)

	Corporation Bond	Cumulative Capital Improvement	Cumulative Fire	Economic Development Income Tax	Totals
Receipts:					
Taxes	\$ 23,200	\$ -	\$ 24,932	\$ -	\$ 1,018,048
Licenses and permits	-	-	-	-	1,100
Intergovernmental	3,780	19,662	4,061	357,596	1,243,759
Charges for services	-	-	-	-	88,436
Other	-	-	-	30,990	282,681
Total receipts	<u>26,980</u>	<u>19,662</u>	<u>28,993</u>	<u>388,586</u>	<u>2,634,024</u>
Disbursements:					
General government	-	21,999	-	124,501	248,458
Public safety	-	-	12,000	-	21,823
Highways and streets	-	-	-	-	2,228,362
Economic development	-	-	-	-	222,180
Culture and recreation	-	-	-	-	466,637
Debt service:					
Principal	17,000	-	-	-	17,000
Interest	7,850	-	-	-	7,850
Total disbursements	<u>24,850</u>	<u>21,999</u>	<u>12,000</u>	<u>124,501</u>	<u>3,212,310</u>
Excess (deficiency) of receipts over disbursements	<u>2,130</u>	<u>(2,337)</u>	<u>16,993</u>	<u>264,085</u>	<u>(578,286)</u>
Other financing sources (uses):					
Transfers in	-	-	-	-	1,197,871
Transfers out	-	-	-	(907,732)	(907,732)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(907,732)</u>	<u>290,139</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>2,130</u>	<u>(2,337)</u>	<u>16,993</u>	<u>(643,647)</u>	<u>(288,147)</u>
Cash and investment fund balance - beginning	<u>10,642</u>	<u>17,195</u>	<u>92,561</u>	<u>971,593</u>	<u>2,002,198</u>
Cash and investment fund balance - ending	<u>\$ 12,772</u>	<u>\$ 14,858</u>	<u>\$ 109,554</u>	<u>\$ 327,946</u>	<u>\$ 1,714,051</u>
<u>Cash and Investment Assets - December 31</u>					
Restricted assets:					
Cash and investments	<u>\$ 12,772</u>	<u>\$ 14,858</u>	<u>\$ 109,554</u>	<u>\$ 327,946</u>	<u>\$ 1,714,051</u>
<u>Cash and Investment Fund Balance - December 31</u>					
Restricted for:					
Public safety	\$ -	\$ -	\$ 109,554	\$ -	\$ 121,888
Highways and streets	-	-	-	-	401,234
Sanitation	-	-	-	-	5,402
Economic development	-	-	-	327,946	467,895
Culture and recreation	-	-	-	-	268,818
Urban redevelopment and housing	-	-	-	-	15,277
Debt service	12,772	-	-	-	12,772
Other purposes	-	14,858	-	-	420,765
Total cash and investment fund balance - December 31	<u>\$ 12,772</u>	<u>\$ 14,858</u>	<u>\$ 109,554</u>	<u>\$ 327,946</u>	<u>\$ 1,714,051</u>

CITY OF HUNTINGBURG
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 INTERNAL SERVICE FUNDS
 As of and for the Year Ended December 31, 2007

	Maintenance	Self-Insurance	City Office	Totals
Operating receipts:				
Insurance proceeds	\$ -	\$ 757,574	\$ -	\$ 757,574
Other	-	-	155,028	155,028
Total operating receipts	-	757,574	155,028	912,602
Operating disbursements:				
Cost of sales and services	663	-	154,945	155,608
Insurance disbursements	-	537,648	-	537,648
Total operating disbursements	663	537,648	154,945	693,256
Excess (deficiency) of receipts over disbursements	(663)	219,926	83	219,346
Cash and investment fund balance - beginning	1,626	484,610	-	486,236
Cash and investment fund balance - ending	<u>\$ 963</u>	<u>\$ 704,536</u>	<u>\$ 83</u>	<u>\$ 705,582</u>
<u>Cash and Investment Assets - December 31</u>				
Cash and investments	\$ 963	\$ -	\$ 83	\$ 1,046
Restricted assets:				
Cash and investments	-	704,536	-	704,536
Total cash and investment assets - December 31	<u>\$ 963</u>	<u>\$ 704,536</u>	<u>\$ 83</u>	<u>\$ 705,582</u>
<u>Cash and Investment Fund Balance - December 31</u>				
Restricted for:				
Other purposes	\$ -	\$ 704,536	\$ -	\$ 704,536
Unrestricted	963	-	83	1,046
Total cash and investment fund balance - December 31	<u>\$ 963</u>	<u>\$ 704,536</u>	<u>\$ 83</u>	<u>\$ 705,582</u>

CITY OF HUNTINGBURG
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For The Year Ended December 31, 2007

	<u>Stadium Donation</u>	<u>Law Enforcement Donation</u>	<u>Totals</u>
Additions:			
Contributions:			
Other	\$ 11,073	\$ -	\$ 11,073
Cash and investment fund balance - beginning	<u>4,683</u>	<u>510</u>	<u>5,193</u>
Cash and investment fund balance - ending	<u><u>\$ 15,756</u></u>	<u><u>\$ 510</u></u>	<u><u>\$ 16,266</u></u>

CITY OF HUNTINGBURG
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For The Year Ended December 31, 2007

	<u>Payroll</u>	<u>Combined Utility</u>	<u>Combined Meter</u>	<u>Totals</u>
Additions:				
Agency fund additions	<u>\$ 3,193,377</u>	<u>\$ 16,295,036</u>	<u>\$ 12,225</u>	<u>\$ 19,500,638</u>
Deductions:				
Agency fund deductions	<u>3,173,048</u>	<u>16,295,036</u>	<u>12,225</u>	<u>19,480,309</u>
Excess of total additions over total deductions	20,329	-	-	20,329
Cash and investment fund balance - beginning	<u>144,086</u>	<u>1,700</u>	<u>-</u>	<u>145,786</u>
Cash and investment fund balance - ending	<u><u>\$ 164,415</u></u>	<u><u>\$ 1,700</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 166,115</u></u>

CITY OF HUNTINGBURG

OFFICE OF CLERK-TREASURER



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CITY OF HUNTINGBURG SUPPLEMENTARY INFORMATION SCHEDULE OF CAPITAL ASSETS

For The Year Ended December 31, 2007

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

General infrastructure assets completed in the current and prior years have been reported.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 258,987
Infrastructure	1,858,963
Buildings	2,305,165
Improvements other than buildings	1,538,623
Machinery and equipment	926,221
Transportation equipment	<u>1,605,852</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 8,493,811</u>

Business-Type Activities:

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation methods and estimated useful lives of capital assets reported in the enterprise fund financial statements are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings	\$ 1,000	Straight-line	33.5 to 66.7 years
Improvements other than buildings	1,000	Straight-line	20.0 to 66.7 years
Machinery and equipment	1,000	Straight-line	10.0 to 20.0 years
Transportation equipment	1,000	Straight-line	10.0 years

For depreciated assets, the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 98,398
Capital assets, being depreciated:	
Buildings	5,414,555
Improvements other than buildings	7,464,581
Machinery and equipment	1,709,628
Transportation equipment	<u>236,149</u>
Total Water Utility capital assets	<u>\$ 14,923,311</u>
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	\$ 234,249
Construction in progress	41,364
Capital assets, being depreciated:	
Buildings	1,423,694
Improvements other than buildings	10,902,745
Machinery and equipment	1,186,230
Transportation equipment	<u>88,382</u>
Total Wastewater Utility capital assets	<u>\$ 13,876,664</u>
Electric Utility:	
Capital assets, not being depreciated:	
Land	\$ 169,827
Construction in progress	745
Capital assets, being depreciated:	
Buildings	739,515
Improvements other than buildings	8,163,796
Machinery and equipment	2,375,180
Transportation equipment	<u>592,236</u>
Total Electric Utility capital assets	<u>\$ 12,041,299</u>
Gas Utility:	
Capital assets, not being depreciated:	
Land	\$ 14,324
Gas storage lease and rights	995,400
Capital assets, being depreciated:	
Buildings	286,318
Improvements other than buildings	3,749,600
Machinery and equipment	763,935
Transportation equipment	190,711
Cushion Gas in Place	<u>493,253</u>
Total Gas Utility capital assets	<u>\$ 6,493,541</u>

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CITY OF HUNTINGBURG SUPPLEMENTARY INFORMATION SCHEDULE OF LONG-TERM DEBT

For The Year Ended December 31, 2007

Description of Asset	Ending Balance	Due Within One Year
Governmental Activities:		
Capital leases:		
IBM ESERVER	\$ 8,943	\$ 8,943
City Hall	310,000	100,000
2007 Ford F350 Truck - Street Dept	8,889	8,889
E-ONE 95 Fire Truck	367,122	38,948
3 Police Cars	40,234	19,647
Pick-up Truck - Park Dept	10,534	5,145
Bonds payable:		
General obligation bonds:		
1999 League Stadium improvements	144,000	18,000
Total governmental activities long-term debt	\$ 889,722	\$ 199,572
Business-type Activities:		
Water Utility		
Capital leases:		
Ford F450 Utility Service Truck	\$ 33,064	\$ 16,144
Backhoe/Loader	28,214	13,791
Loans:		
Water treatment plant, water tower, and improvements to the waterworks system	6,439,000.00	-
Revenue bonds:		
1988 Waterworks refunding revenue bonds	495,000	-
Total Water Utility	6,995,278	29,935
Wastewater Utility		
Capital leases:		
2007 Ford F350 Truck	8,017	-
Loans:		
Sanitary sewers	2,448,000	144,000
Revenue bonds:		
1994 Wastewater improvement revenue bonds, treatment plant	1,909,000	38,000
Total Wastewater Utility	4,365,017	182,000
Total business-type activities long-term debt:	\$ 11,360,295	\$ 211,935

CITY OF HUNTINGBURG
OTHER REPORTS

The annual audit report presented herein was prepared in addition to another official report prepared for the individual City office listed below:

Water, Wastewater, Electric, and Gas Utilities

CITY OF HUNTINGBURG
AUDIT RESULTS AND COMMENTS

EXPENDITURE OF UTILITY FUNDS

The City used an internal service fund, City Office, to accumulate all disbursements throughout the year for expenses to operate the City Hall which houses both City and Utility offices. These expenses were prorated between City and Utilities' expense accounts monthly. The percentage used in calculating the proration depends on the account number the expense was posted to within the City Office account. Based on a review of the disbursements between City and Utilities' expense accounts, the following items were noted:

- (1) The four Utilities paid the utility bills for the City Hall building with the exception of \$3,000 per year that was paid from the Transportation Fund (transit van). Utility expenses for 2007 totaled \$11,008.
- (2) Charges for routine maintenance of computer software and hardware were paid 80% from the Utility funds and 20% from the City. The charge to the Utilities for these items was \$25,514 for 2007. In addition, charges to fix specific problems were charged to the department that incurred the problem.
- (3) Charges for computer and office supplies, software, copier repair, purchase of a new e-server, a GIS editor license and software upgrade, Indiana Code books, and a digital recorder were also paid 80% from the Utility funds and 20% from the City. The charge to the Utilities for these items was \$31,799 for 2007.

The total costs charged to the City Office account during 2007 were \$154,945. Of this amount, the Utilities paid \$124,505 or 80%.

There was no documentation to support the calculation of the percentages used for prorating expenses.

The above expenses paid by the Utilities were in addition to the residual equity transfers that were made from the Utilities' cash reserve funds to the City General Fund for 2007 that amounted to \$175,000 from the Electric Utility and \$175,000 from the Gas Utility and payments in lieu of taxes from all four Utilities, totaling \$227,506.

Expenses paid from utility funds should be directly related to the operation of the municipally owned utility. Expenditures for city and town operating costs should not be paid from utility funds. Furthermore, the utility funds should not be used to pay for personal items. The cost of shared employees and equipment by two or more utilities should be prorated in a rational manner. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Establishment of a cash reserve fund permits transfer of surplus utility funds to the city and town general fund. After appropriation, such transferred funds may then be used for any legal general fund purpose. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

A similar comment appeared in prior reports.

CITY OF HUNTINGBURG
AUDIT RESULTS AND COMMENTS
(Continued)

BUDGETED LINE ITEMS

Disbursements for City promotional items such as yearbook ads and Veteran's day ads were paid from the council supplies line item in the General Fund budget. The General Fund budget has a promotional account line item budgeted under the Mayor and the Council for such items.

Disbursements should be paid from properly authorized line items. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

A similar comment appeared in prior reports.

APPROPRIATIONS

The records presented for audit indicated the following expenditures in excess of budgeted appropriations:

<u>Fund</u>	<u>Year</u>	<u>Excess Amount Expended</u>
Transportation	2007	<u>\$ 299</u>

Indiana Code 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

RECORDS OF HOURS WORKED

Several officials and employees were paid salaries from more than one fund and/or department. A record of hours worked for each was not presented for audit.

Indiana Code 5-11-9-4(b) states in part: ". . . records be maintained showing which hours were worked each day by officers and employees . . . employed . . . in more than one (1) position by the same public agency . . ."

A similar comment appeared in prior reports.

CITY OF HUNTINGBURG
EXIT CONFERENCE

The contents of this report were discussed on September 4, 2008, with Thomas A. Dippel, Clerk-Treasurer; Marvin R. Belcher, Mayor; and Ken Sparrow, President of the Common Council. The officials concurred with our audit findings.